



CENTER FOR
Dairy EXCELLENCE
Dairy Week In Review



Dated June 6, 2019

Markets:

Dairy Prices	Price	Chge. from Week Ago	Chge. from Month Ago	Chge. from Year Ago
Milk Price (May) **	\$17.12/cwt.	▼ 1.5 %	▼ 1.7 %	▲ 6.1 %
Corn (July)	\$4.13/bushel	▼ 1.2 %	▲ 16.9 %	▲ 9.3 %
SBean Meal (July)	\$317.7/ton	▼ 0.5 %	▲ 11.6 %	▼ 13.2 %
Milk Margin (March)*	\$11.90/cwt.	—	▲ 4.9 %	▲ 20.1 %

**Each issue of "Dairy Week in Review" will report on current "Milk Margin," or the dollars remaining per one hundred lbs. of milk after feed is paid for, based on data for a 65-pound herd in the latest "PA Dairy Industry Performance Scorecard." Milk margin is affected by both milk & feed prices. ** The milk price reported is the Class III futures price for the next month plus a basis of \$1.00, an estimate of what could be on your milk check next month.*

- USDA's Dairy Products report shows that manufacturers produced 166.7 million pounds of butter in April, down 4.8 percent from a year ago and 3.9 percent below levels in March. Total cheese production was 1.08 billion pounds, up 0.2 percent above a year ago but 3.6 percent below March 2019. Production of both nonfat dry milk powder, skim milk powder and dry whey was down from a year ago as well.
- The dairy price index fell 3.4 percent during the latest Global Dairy Trade auction to \$3,423 per metric ton, marking the second session in a row with a declining average price. Cheddar cheese and butter prices both fell significantly, down 14 and 10.3 percent, respectively. Whole milk powder was down 1.5 percent, while skim milk powder fell 4 percent.
- The USDA Agricultural Prices report announced the All-Milk price for April at \$17.70 per hundredweight, up 20 cents from last month. Corn and soybean prices fell, resulting in an 11 cent increase in the milk-over-feed margin, announced at \$8.96 per hundredweight for April. The report had milk cow prices at \$1,140 per head, down \$220 from a year ago.
- The May Class III milk price was announced at \$16.38 per hundredweight, up 42 cents from April and \$1.11 above year-ago levels. The Class IV milk price was announced at \$16.29 per cwt., up 57 cents from April and \$1.72 above year-ago levels.

Government and Industry:

- Dairy Revenue Protection (Dairy R-P) coverage for the last half of 2019 and first three quarters in 2020 is now available from authorized crop insurance agents. Coverage for the third quarter of 2019 will be available until June 15, when the program will move to the next five quarters. Farms can choose to cover any of the five upcoming quarterly (three month) periods, but they must enroll first. The program allows you to put a floor under your milk price, and you can choose to price your milk either based on your Class utilization or on your components. To learn more, contact your crop insurance agent. A list of crop insurance agents is available at all USDA service centers and on the RMA website at www.rma.usda.gov/tools/agent.html.
- Enrollment in the new Dairy Margin Coverage program is expected to open next week on June 17. Milk production will retroactively be covered starting January 1, 2019. The actual margins for January, February, March and April are \$7.99, \$8.22, \$8.85 and \$8.96 per hundredweight, respectively. The USDA has announced a new web-based tool available to help dairy producers evaluate participation in the new Dairy Margin Coverage program. The University of Wisconsin offers the tool in cooperation with FSA designed to help producers determine the level of coverage under a variety of conditions that will provide them with the strongest financial safety net. To access the tool, go to: <https://www.fsa.usda.gov/programs-and-services/farm-bill/farm-safety-net/dairy-programs/dmc-decision-tool/index>.
- Concerns exist in the dairy industry regarding whether President Trump will follow through with new tariffs threatened on all products imported from Mexico if the two countries can't come to terms on undocumented immigrants. President Trump has threatened new tariffs, beginning June 10, that would increase by 5 percentage points each month until October. Mexico is expected to retaliate with tariffs on US dairy products and other US goods exported to Mexico. Last year, the US supplied 79 percent of the country's cheese imports.
- The Dairy Decisions Consultant Program remains open and available to those farms who want assistance in making those critical decisions affecting the future of their farm. Once accepted into the program, farms can receive up to \$3,500 in funds to work with a DDC. Call 717-346-0849 to learn more or visit centerfordairyexcellence.org.